

CINEMA OPERATION DEVELOPMENT INVESTMENT OPPORTUNITY SCORECARD TOURISM & QUALITY OF LIFE

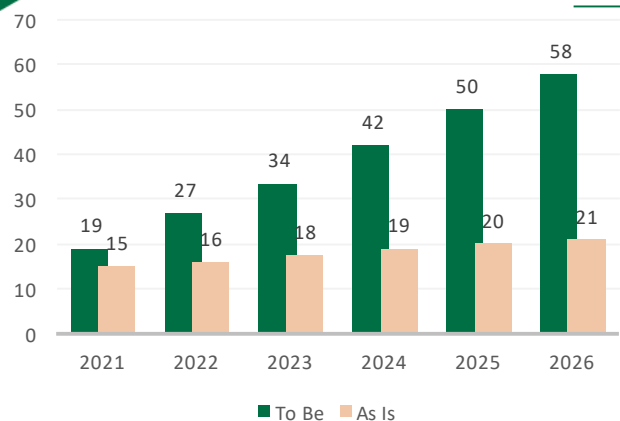
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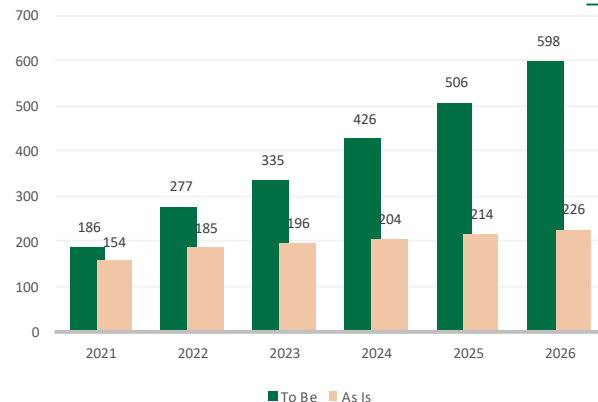
TOURISM & QUALITY OF LIFE CINEMA OPERATION

OPPORTUNITY'S DESCRIPTION: Setting up and operating Cinemas in Saudi Arabia

DEMAND # of Cinemas



of Screens



INVESTMENT OVERVIEW

VALUE PROPOSITION

- The opening of cinemas in KSA is driving revenue growth for film sector and incentivizing film production, leading to an expected demand supply gap of 8-12 studios by 2030
- Saudi Vision 2030 aspires to increase household spending on cultural and entertainment activities which requires developing entertainment infrastructure and experiences
- Opportunity to capitalize upon the government's focus on establishment of KSA as a regional film hub for local and international productions and creation of a film marketplace

KEY DEMAND DRIVERS

- Lack of professional production infrastructure in Saudi Arabia (e.g., cluster of studio infrastructure combining set design, cinematography, audio, editing, mixing)
- Huge market for Arabic films with viewership across 22 nations representing ~424 Mn audience
- Increasing per capita income and consumer spending power will further fuel the demand for the development of media and entertainment sector in Saudi Arabia
- The local film industry is expected to see a strong growth, driven by Vision 2030, QoL Program and MoC initiatives

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- There are no operators that can offer best-in-class services for Cinemas in KSA
- There are over 20 players in KSA with film infrastructure assets. However, only three of them have studios that could be used for films. Moreover, none have end-to-end state-of-art production facilities including backlots, ancillary facilities and support facilities
- Demand for shooting facilities in KSA has been mostly driven by commercials, corporate videos and TV shows, with feature films coming to the fore over the past 3-4 years

GLOBAL TRENDS

- Media and entertainment industry is characterized by the unique local cultural preferences and thus the presence and need for establishing regional production hubs
- As the competition for attracting film productions is growing, cash rebates and incentives are becoming more aggressive, especially in the locations that are just establishing themselves
- Technological change, particularly in online viewership, has shifted consumers' spending away from traditional cinemas in favor of at-home systems and OTT content



TOURISM & QUALITY OF LIFE CINEMA OPERATION

Public / متاح

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- KSA currently has 10 small size theme parks in the largest 4 cities. Early market entry would potentially benefit investors to scale up existing offerings and increase geographic footprint to uncharted cities and capture larger market share in the medium-long term
- Low cost of construction, labor wages and utility fees combined with availability of trained resources to support low capital and operating expense for the investor and maximize investment returns
- The government has already started restructuring visa processes and issuing online visas. This will boost pilgrimage and touristic visits to KSA in the coming years

KSA ENTERTAINMENT ECOSYSTEM FOCUS



KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS

- The Ministry of Municipality and Rural Affairs has created supporting regulatory ecosystem for easy issuance of necessary permits
- Financing provided by Tourism Development fund
- Expedited attainment of permits and approvals
- Government support in infrastructure development

COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Macroeconomic risk (100=high)	30
Productivity adjusted wages	\$3.3 /hour
Ease of getting credit (0 – 100)	50
Contract enforcement (0-100)	55
Construction Costs (Indexed to US, % 0 is cheapest)	74

Bottom 25% | Top 75% | Top 50% | Top 25%

DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Demand drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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